



CITY OF HAMILTON
CORPORATE SERVICES DEPARTMENT
Financial Planning, Administration and Policy Division

TO:	Chair and Members Capital Projects Work-in-Progress Review Sub-Committee
COMMITTEE DATE:	September 27, 2021
SUBJECT/REPORT NO:	Capital Project Closing Report as of June 30, 2021 (FCS21080) (City Wide)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Matt Hilson (905) 546-2424 Ext. 1444 Duncan Robertson (905) 546-2424 Ext. 4744
SUBMITTED BY:	Brian McMullen Director, Financial Planning, Administration and Policy Corporate Services Department
SIGNATURE:	

RECOMMENDATION(S)

- (a) That the General Manager, Finance and Corporate Services, be authorized to transfer \$366,793 to the Unallocated Capital Levy Reserve (108020) as outlined in Appendix “A” to Report FCS21080;
- (b) That the General Manager, Finance and Corporate Services, be directed to close the completed and / or cancelled capital projects listed in Appendix “B” to Report FCS21080 in accordance with the Capital Projects Closing and Monitoring Policy;
- (c) That Appendix “C” to Report FCS21080, Capital Projects Budget Appropriations for the period covering January 1, 2021 through June 30, 2021, be received as information;
- (d) That Appendix “D” to Report FCS21080, Capital Projects Budget Appropriations of \$250,000 or greater and Capital Project Reserve Funding requiring Council authorization, be approved.

EXECUTIVE SUMMARY

Report FCS21080 presents the capital projects, which have been completed or cancelled as of June 30, 2021.

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Appendix “A” to Report FCS21080 summarizes net transfers to the Unallocated Capital Levy Reserve.

Appendix “B” to Report FCS21080 lists the individual projects to be closed. A total of 117 projects with a combined budget of \$175,314,432 is being recommended for closure and is summarized as follows:

- \$11,379,868 relating to completed projects which have a net surplus of \$366,793 being returned to the Unallocated Capital Levy Reserve (108020);
- \$7,470,000 relating to cancelled or delayed projects; and
- \$156,464,564 relating to projects completed on or under budget that do not impact reserves.

All capital projects listed for closure in Appendix “B” to Report FCS21080 have been reviewed and determined to be complete, with all revenue and expenditure transactions relating to these projects having been processed. Any funding adjustments necessary to close the projects in accordance with the Capital Projects Closing and Monitoring Policy (Report FCS05044, Report FCS07081(a) and Report FCS14031) are reflected in the amounts presented.

Appendix “C” to Report FCS21080 lists the appropriation of funds between capital projects totalling \$5,402,883 for the period covering January 1, 2021 through June 30, 2021 in accordance with the Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy (Report FCS14031).

Appendix “D” to Report FCS21080 lists all the capital projects budget appropriations of \$250,000 or greater and work-in-progress capital projects requiring funding from reserves that require Council approval.

Alternatives for Consideration – Not Applicable

FINANCIAL – STAFFING – LEGAL IMPLICATIONS

Financial: As outlined in Appendix “A” to Report FCS21080 and summarized in Table 1, a total of \$3,051 in funding is required from the Unallocated Capital Levy Reserve (108020) to offset projects in a negative position. The required funding has been offset by projects in a positive position totalling \$369,843 resulting in a net transfer to the Unallocated Capital Levy Reserve of \$366,793. The Unallocated Capital Levy Reserve (108020) will have a projected year – end uncommitted balance of \$15,966,793 once the transfers are completed.

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**Table 1
City of Hamilton
Capital Project Closings
As of June 30, 2021
Unallocated Capital Levy Reserve (108020)**

Year Approved	ProjectID	Description	Surplus / (Deficit)
Projects Requiring Funds			
2020	4662017130	Claremont Access - Keddy Trail	(3,050.63)
			\$ (3,050.63)
Projects Returning Funds			
2014	4061418452	Bridge 450 - Highway 5, 150m w/o Hunter Road	\$ 922.13
2017	4031711015	Annual Resurfacing 2017	59,152.45
2018	4401856817	Fifty Road Parkette Redevelopment	187,656.73
2018	7201841802	Hamilton Museum of Steam and Technology Keefer Steps	87.00
2019	4401949510	Spraypad Infrastructure Rehab	20.79
2020	4662020010	Traffic Signal Modernization	119,783.76
2020	4662020022	New Traffic Signal - Queen Street at Napier Street	973.95
2021	5122151102	Waste Packers Reversing Safety Sensors	1,246.42
			\$ <u>369,843.23</u>
		Net Impact to the Unallocated Capital Levy Reserve	\$ <u>366,792.60</u>

Appendix "C" to Report FCS21080 details the appropriations between capital projects during the period covering January 1, 2021 to June 30, 2021. A total of \$5,402,883 was moved between capital projects in compliance with the Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy (Report FCS14031), as summarized in Table 2.

**Table 2
City of Hamilton
Capital Project Appropriations
As of June 30, 2021
Transfers by Department**

Department	Amount
Tax Supported Capital Budget	
Corporate Services	\$ 960,000.00
Corporate Projects	- -
Planning and Development	762,981.72
Healthy and Safe Communities	- -
Public Works - Tax Funded	<u>2,162,533.09</u>
	\$ 3,885,514.81
Rate Supported Capital Budget	
Public Works - Rate Funded	\$ <u>1,517,368.40</u>
	\$ <u>5,402,883.21</u>

Appendix “D” to Report FCS21080 lists all the capital projects requiring Council approval to transfer funds from other capital projects of \$250,000 or greater or fund from reserves. The number of projects and the requested transfer amounts are summarized in Table 3.

**Table 3
City of Hamilton
Capital Projects Budget Appropriate Transfers
of \$250,000 or Greater and Reserve Funding**

Description	Projects / Transfers From	Projects / Transfers To	Amount
Planning and Development (Tax)			
Economic Development	1	1	\$ 500,000.00
Total			<u>\$ 500,000.00</u>

Staffing: N/A

Legal: N/A

HISTORICAL BACKGROUND

The Capital Status and Capital Project Closing reports are submitted to City Council three times a year at June 30, September 30 and December 31.

On December 14, 2011, Council approved Report FCS11073(a) which directed staff to review the Capital Projects Status and Closing process and that a process where departments report to their respective Standing Committee on the status of the Capital Work-in-Progress projects be implemented. Standing Committee reporting commenced as of the June 30, 2013 reporting period. Reports are brought forward to the Standing Committee three times per reporting year at June 30, September 30 and December 31. This allows the Standing Committee to review the status of a fewer number of projects, in greater detail, applicable to their area of oversight.

Preparation of the Capital Projects Closing Report is the responsibility of the Financial Planning, Administration and Policy Division with the objective of ensuring suitable controls are maintained, projects are appropriately closed and to centralize the function.

On May 14, 2014, Council approved changes to the City’s Capital Project Monitoring Policy (Report FCS14031) and Capital Project Closing Policy (Reports FCS05044 and FCS07081(a)). The amended Policy has staff submit the Capital Project Status Reports and Capital Project Closing Reports to the Capital Projects Work-in-Progress Sub-Committee.

POLICY IMPLICATIONS AND LEGISLATED REQUIREMENTS

The submission of the Capital Projects Closing Report is a requirement of the City's Capital Closing Policy Reports (Reports FCS05044 and FCS07081(a)) and Capital Projects Monitoring Policy Report (Report FCS14031).

The City's Capital Closing Policy (Reports FCS05044 / FCS07081(a)) states:

- i) That any approved Capital project, whose construction stage has not begun after three years, be closed and be re-submitted to Council for approval.
- ii) That any closing surplus or deficit be distributed as follows:
 1. Surplus:
 - a) If funded from a specific reserve, return funds to that reserve.
 - b) If funded from debentures, apply to reduce future debenture requirements.
 - c) If funded from current contribution, apply to the Unallocated Capital Levy Reserve or apply to reduce Outstanding Debt.
 2. Deficit:
 - a) If funded from a specific reserve, fund from that reserve.
 - b) If funded from debentures, increase future debenture requirements only if no other source of financing is available.
 - c) If funded from current contribution, fund from the Unallocated Capital Levy Reserve.

The City's Capital Projects Monitoring Policy and Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy (Report FCS14031), as amended by Council on May 14, 2014, states:

- i) That a Capital Projects Status Report be submitted by departments to Capital Projects Work-in-Progress Sub Committee three times a year as of June 30, September 30 and December 31.
- ii) That a Capital Projects Closing Report be compiled by Corporate Services Department and submitted to the Capital Projects Work-in-Progress Sub-Committee three times a year as of June 30, September 30 and December 31.
- iii) That unfavourable project variances be funded according to the Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy. If available funding cannot be found within the limits of the Capital Projects Budget Appropriation and Work-in-Progress Transfer Policy, a report explaining the variance and recommending a source of funding be submitted to the appropriate Committee of Council for approval.

- iv) Approval authority for the re-appropriation of funds in each financial year be at the same levels as the City's Procurement Policy:
1. Council must approve appropriations of \$250,000 or greater
 2. City Manager or designate must approve appropriations greater than \$100,000 and less than \$250,000
 3. General Managers or delegated staff be authorized to approve appropriations up to \$100,000

RELEVANT CONSULTATION

Staff from the following departments, boards and / or agencies submitted the included capital projects for closure:

- Public Works Department
- Planning and Economic Development Department
- Corporate Services Department
- Healthy and Safe Communities Department

ANALYSIS AND RATIONALE FOR RECOMMENDATION(S)

For each Capital Project Status Report, staff determines if projects can be closed (inactivated) and monitors the financial activity to ensure that Council is aware of any capital projects that deviate significantly from the approved budgeted amounts. Once projects have been determined to be complete or cancelled, they are submitted by departments to Financial Planning, Administration and Policy for inclusion in the Capital Projects Closing Report. These submissions are reviewed by Financial Planning, Administration and Policy to ensure transactions are finalized, all purchase orders are closed and a funding source is identified, where necessary.

Inactivating completed projects helps to keep the number of capital projects in the financial system to a manageable size and eliminates redundant data from reports. More importantly, it ensures that projects which are complete and / or no longer required do not unnecessarily tie up budget resources that could be re-directed to other needs / capital projects.

Appendix "D" to Report FCS21080 includes capital project budget appropriation requests to transfer funds of \$250,000 or greater from other projects and funding from reserves requiring Council approval as per the Capital Projects' Budget Appropriation and Work-in-Progress Transfer Policy and Reserve Policies. The requests total \$500,000.

ALTERNATIVES FOR CONSIDERATION

There are no alternatives as the Capital Projects Closing Report deals primarily with historical information and application of corporate policies.

ALIGNMENT TO THE 2016 – 2025 STRATEGIC PLAN

Community Engagement and Participation

Hamilton has an open, transparent and accessible approach to City government that engages with and empowers all citizens to be involved in their community.

Economic Prosperity and Growth

Hamilton has a prosperous and diverse local economy where people have opportunities to grow and develop.

Built Environment and Infrastructure

Hamilton is supported by state-of-the-art infrastructure, transportation options, buildings and public spaces that create a dynamic City.

Our People and Performance

Hamiltonians have a high level of trust and confidence in their City government.

APPENDICES AND SCHEDULES ATTACHED

Appendix “A” to Report FCS21080 - Capital Project Closings as of June 30, 2021 - Projects Impacting the Unallocated Capital Levy Reserve and Other Sources

Appendix “B” to Report FCS21080 - Capital Projects Closing Schedule as of June 30, 2021

Appendix “C” to Report FCS21080 - Capital Projects Budget Appropriation Schedule for the Period Covering January 1, 2021 through June 30, 2021

Appendix “D” to Report FCS21080 - Capital Projects Budget Appropriations of \$250,000 or greater and Capital Project Reserve Funding

MH/DR/dt